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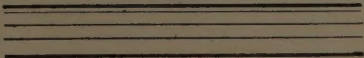
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Beware, Blum!

A Catholic Academician Warns

François Mauriac in "Figaro," Paris:

A SOCIALIST government has everything to fear from the street because it is helpless against the street. The rules of the game—a horrible game—forbid a Socialist government what is all right for Radicals. The latter have often taken pride in maintaining order harshly. The brutal Clemenceau owed a part of his prestige to his fist. But for a Socialist government a victory over a street mob would be equal to a death sentence.

M. Léon Blum is right when he affirms that he would not need to call twice to throw the masses into the street. Has he reflected, however, that the mass could descend into the streets without being called by him? . . .

We have no reason for doubting the sincerity of the new president of the Council when he writes: "If we succeed, everybody will gain by it. . ."

As things stand at present, we do not fear that Leon Blum will be the master. On the contrary, what we are afraid of is that he will not be master enough.

Stop the Scourge!

Lucien Laurat in "Le Peuple," Paris:

IT CAN be said without exaggeration that France of 1936 resembles a country that has suffered from tornadoes, inundations, torrents of lava and other natural calamities. In brief, the Popular Front takes power after a deluge, and this deluge is called in economics *deflation*.

Let us see what this deluge has cost France.

From July 1933 to the beginning of 1936, production diminished by 14%, the number of business failures increased by 25%, the index of employment shows a drop of 9%. *And there are 250,000 more out of work!*

French exports have fallen from about 20 billion in 1932 to less than 16 billion in 1935. We do not exaggerate when we say that an anti-deflationist policy, tending to widen the national market, would have made possible the absorption at home of what is not sold abroad. Since there are 400,000 unemployed in France, it would be sufficient to assure to each of them an income of 10,000 francs a year to have our national production find on the interior markets the outlets of disposal it no longer finds abroad.

Deflation, however, has led in the opposite direction. In every way possible, the buying power of the national market has been whittled away, paralyzed and destroyed.

Wages, relief, pensions, retirement payments have been reduced. Under what pretext? In order to lower prices.

Indeed, from 1932 to the beginning of 1936, wholesale prices have fallen about 20% and the cost of living only 8 to 9%.

But this deflation, which some people call "the great punishment" did not bear down on everybody. Some people—it is easy to guess who—have not been touched by it.

The general index of wholesale prices has fallen by 20%.

Let us consult now the prices of certain commodities.

A ton of iron ore, at Thionville, costs 18 francs in 1932 and 18 francs at the close of 1935. At Longwy, it costs 23 fr. 50 in 1932 and 24 fr. at the close of 1935. The price of steel has remained the same. The price of a sac of 100 kilos of superphosphates was

25 7/8 fr. in 1932; it is 24 3/8 at the close of 1935. During the same period, agricultural prices have fallen by 29%.

There is deflation—a scourge for everybody but the masters of the key-industries.

In 1936, at a time when there is no doubt of an economic rise in the entire world, French economy remains stuck in the deepest slough.

Such is the situation that the Popular Front government will have to face. And it will not be able to liquidate this sinister heritage without resolutely throwing the machine into the reverse.

Les Soviets Partout!

M. Ch. in "Révolution Proletarienne," Paris:

DURING the electoral campaign, the Communist Party claimed to be the most patriotic of all the parties. It called for a "strong France", that is, for a powerful French army. It glorified colonel Raynal, "the heroic defender of Fort Vaux". In the 10th arrondissement, they stepped out to make way for the "glorious Bossoutrot". Everywhere were posters representing Hitler with a knife between his teeth. We read that Communism was the "defense of the franc". At Pantin, a placard proclaimed: "For the victory of law and order, vote for Marcel Gitton!"

It is not, therefore, surprising that the Communist vote increased. . .

Their electoral success—partly gained at the expense of the Socialist Party, especially in Paris and its environs—contains the germs of a future defeat.

In a few months' time, the Popular Front government will have to keep its promises. Because of its very composition, it will prove itself incapable and will make possible a fascist reaction. As a result of the disillusionment into which its followers will be plunged there will be an offensive return—this time possibly a victorious one—of the Right. . .

It little matters to Stalin, the real guide of the French Communist Party. What counts for him is to be able to dispose at this time of an important parliamentary group capable in influencing the international policy of the French government in favor of the Franco-Russian pact and perhaps for a preventive war against Germany.

Moreover, nothing can keep the Communists from participating in a government, say, the day after tomorrow. If Stalin gives them that "advice", so that he might have his men within the French cabinet, there is no doubt the French Communists may yet participate. Thorez and Gitton will be ministers. Perhaps ministers of war. . .

"Boo!" Say Nazis

"France Delivered to the Reds," "The Triumph of the Red Front in Paris," "Herriot Vanquished by Comintern": scareheads appearing in "Voelkischer Beobachter," "Nationalzeitung" of Essen (Goering's paper) and "Westdeutscher Beobachter" on days of April 26 to May 3.

The "Berliner Nachtausgabe" of April 28:

"An armed insurrection of the Parisian communists is expected for the second of May.

"The day after the revolutionary strike of May 1, the French followers of Stalin and Dimitroff will take arms and install the terror."

Saints Explain Why They Don't

P. Vaillant-Couturier, in "L'Humanité", Paris:

ONE AND a half million citizens have voted Communist. They have voted fully realizing what they were doing. They have voted after reading our program, after hearing our declarations at meetings and over the radio, after reading our placards, our newspapers, our pamphlets.

They know very well that we are a party for the liberation of the workers, a party that calls for a social transformation, that is, for the true union of the nation, so that France might become free, strong and happy.

They have not forgotten our desire to support loyally, in accordance without our party decisions of Villeurbanne, any government that is ready to apply the program of the Popular Front. They have heard during the entire campaign, and for a long time before, our emphatic declarations concerning our decision not to participate in a government whose task is to apply a program that is not specifically ours.

Is it not true that what counts especially with the electors is not so much that Communists hold two or three portfolios in a ministerial combination? What counts for the people is that certain measures of order, propriety, peace and defense of the franc, measures that are demanded by the entire country, be voted immediately.

Oh, I know that the reactionaries and fascists are bitter at not seeing us enter the government. Naturally!

What a fine campaign they would set afoot if we did enter the government! What a fine excuse for starting a panic and attempting to kill the program of the Popular Front!

But we shall not give them that satisfaction. We want to see the program of the Popular Front applied.

Under the present circumstances, Communists will be neither observers nor ministers. They will assume all the responsibility that the voters have assigned them.

Ours will be positive action. Always at the side of the left government, holding it up, assuring its stability, we shall exercise a sort of ministry of the masses with the collaboration of the most ardent and disciplined elements of the Popular Front organized in its committees.

[We Communists must not be asked to do more right now. To act otherwise would mean to play false to a cause which must triumph at any cost.]

A Great Victory -- Great Tasks

E. Berl in "Marianne," Paris:

THE COUNTRY shows its desire very clearly. It wants a policy of national defense and social progress.

This desire is unanimous.

Social reform? The Croix de Feu knows very well that the economic regime of France should be modified. Since the beginning of their movement they called for a struggle against the excesses of capitalism.

National defense? The Communists return to the Chamber seven times more numerous than before. But during the election campaign they sang the *Marseillaise*.

Whether it comes from the extreme left, or from the center, any government that begins by reforming the statutes of the Bank of France and by increasing the insufficient defense of the nation will have with it nine tenths of the citizenry of the country.

Poland Ready To Explode

• P-x

From "Neue Front," Paris:

THE RULERS of Poland sense the approaching peril. But they are paralyzed by the long economic crisis. Industrial production has fallen 45% since 1928. At the same time the annual deficit of the State budget rose more than fivefold. While production decreases, more and more is squeezed out of the population for purposes of armament. As a result, the finances of the country are hopelessly upset. In an attempt to avoid inflation, the government is playing with deflation, and is thus further decreasing the purchasing power of the masses and is accelerating the shrinkage of production. The foreign trade of Poland is on a very low level as compared to that of other European countries, but it is dropping from month to month. The Polish bourgeoisie is beginning to feel that there is no way out for the Poland of today.

But the country's ruling strata are not merely paralyzed as a capitalist class. They are disorganized and split as a political power. The fissure runs through the entire military and State apparatus. Caught between the aggressive Third Reich, all set for a move toward the east, and the armed might of Soviet Russia, it vacillates between the old alliance with France and the new pro-German coalition of Hitler's Reich, the Baltic States, Finland and Hungary.

Tossing between the fear of being crushed in the coming world conflict and the desire for imperialist conquest at the expense of

Czechoslovakia and the Soviet Ukraine, the Polish rulers cannot decide on a definite foreign policy. Pro-Germans and Francophile tendencies clash in the present Polish government. The two groupings find their support in the State apparatus. Indeed, both still belong to one party. In face of the war danger, at a time when there is a great need for a government in the probable war zone to mobilize all the forces of its country, this marked disunity has an obvious decomposing influence on the military and State apparatus.

THE TWO OPPOSING groups in the army and civil administration (the latter is monopolized by military men), are the "colonels" and the "generals". The first are the pro-German followers of Pilsudsky, headed by the colonels Beck, Matushewsky and Slavek. The chiefs of the second group are the generals Ridz-Smigly, Sosenkowsky and Haller. The split in the army directorate and the political top reflect the deep differences found among the *schliachta* (nobility) and landowning class, from which the two opposing political groups spring. The land magnates from the White Russian and Ukrainian frontiers dream of a reconquering their former properties. They see their great opportunity in a wide anti-Russian move on the part of European powers. On the other hand, the landowners on the German boundary want to push the German holdings out of Polish territory. They want to make the complete Polonization of Pomorzje, Posen and Polish Upper Silesia the first task of Polish politics. The anti-German nation-

alism finds its strongest supporters in the mentioned districts. From there came the troops of Korfanty. Today the Polish West is the principal camp of the arch-reactionary and anti-German "National Democratic Party."

This basic antagonism in respect to foreign politics has shattered the "Sanacja," the Pilsudskyite "saviors" of the Polish State. This clique is now in the throes of dissolution. In fact, the military mass organization of "legionaries" which put Pilsudski in power in 1926 no longer exists. In view of the prevalent insecurity the many government employees have found it advisable not to take part in any public expression of opinion.

Because of the economic paralysis and lack of political orientation the Polish ruling strata are noticeably alarmed by the rise of opposition on the part of the working population. Already in 1935 an organized boycott by the non-government parties of the elections to the "reformed" Sejm filled the "Sanacja" government with consternation. For in spite of the lies and the silence of the official press, it is true that at least half of the country's voters stayed away from the polls. As a result of this "mute" protest, the Pilsudskyites tried to give their government a "liberal" dressing. It was hoped that this newly found "liberalism" would quiet the population. One of the first acts of the Koscialowski-Kwiatowski government was to offer an amnesty to political prisoners. But the effects of the bitter economic crisis, the fatal deflation policy and the mounting cost of armaments leave little room for liberal manoeuvres. Fine promises, brutal suppression and higher taxes follow in quick succession.

THE POPULAR movement was strengthened by this indecision of the government. Strike waves and bolder protests on the part of the unemployed have brought the State to make some concessions, though in view of the economic situation, the entrepreneurs of the country must continue to lower wages. In this manner the government hopes to avoid further demands by the city workers. After the first unemployment riots in Krakau, the Polish State devoted 18 million zloty to public works. In Krakau, Czenstochow and Lemberg the municipal governments responded to the demonstrations by immediately voting funds to continue public feeding.

The fears of the ruling strata are well founded. The situation is explosive. If the city workers will not be quieted, their spirit will spread to other sections of the population.

For the Polish workers are acquiring the boldness that comes with despair. Unemployment has stricken the greater number of the proletariat. Officially the ratio of the registered unemployed to the employed is today that of two to three. As the number of workless grew so the relief allotted to them fell. In 1932 only 91,924 of the unemployed received government aid, in 1934 only 47,091, and in 1935, 34,021. And the amount offered to each worker was decreased by 50% since 1929. At present the recipients of public relief must do some work in the government enterprises to earn their allotment. The condition of the Polish unemployed merely reflects the situation that the whole proletariat of the country finds itself in. Wages are at the bottom. A third of all employed labor hold part-time jobs.

MUCH WORSE, however, is the situation in the villages. Now, it does not suffice to speak of the antagonism between the thin stratum of landowners and land hungry peasants. The misery of the Polish peasant has reached a physical limit. Nowhere in Europe is there such poverty as in the Polish village.

A study of the tragic condition of the Polish peasant was published a short while ago in the weekly *Swiat*. The investigation covered the Rzeschosky district of the Krakau *województwo*. The writer took care to note that "conditions were not at their worst"

in that section. In the named district, 2,000 peasant families own less than half an hectare of land each; 1,400 hold from one half to three hectares; 6,000 from three to ten hectares; and only three hundred have more than ten hectares. (A hectare is 2.4 acres.)

"The agrarian crisis, the fall of agricultural prices, destroys these tiny establishments. Today the village pays in corn for a plow three times as much as in 1927. It pays two times as much for household utensils and two and a half times as much for such necessities as yarn, etc. The values given here are in terms of prices as they are quoted on the exchange. In fact, however, the peasant receives for his rye 30% less. For he sells to a jobber, who naturally takes advantage of the bad times. . . .

"The peasant is being choked by debts and taxes. The debts were contracted during prosperity, when it was easy to get a loan of money, usually used in the purchase of land. And the taxes, too, were determined in good times. Since 1927 the prices for agricultural produce have fallen seven-fold. The peasants' taxes, however, have remained the same.

"How does the Polish peasant live under such conditions? He eats neither meat nor eggs. These he sells. Bread he permits himself to eat from harvest time till New Year. Sugar he knows only by hearsay. As salt to give some savor to his potatoes, he uses the lye left over in his herring barrel. It is understood that he cannot buy clothing. The children lack clothes and shoes. In Winter they stop going to school. A measure of the extreme poverty of the Polish countryside is offered by the following detail. In two large villages, having a population of 5,000, there were sold in the general store during a whole month's time no more than these articles: one scythe, 6 buttons, 100 grams of nails and a small aluminum pot."

When did the misery of the Polish village find an echo in the bourgeois press? Only after the peasant disorders in Volhynia last year. These outbreaks were suppressed with blood and fire but the conditions remain the same. It is interesting to note that the circle of big landowners whose organ is the ultra-conservative *Tschas* were the first to sound a warning that the outlook of the city masses might spread to the villages. Desiring to protect their property, the land magnates suddenly called for the government to "open a safety valve" in order to turn aside the rising wave of opposition.

In Eastern Poland the hatred borne by the peasants for the plundering State is topped with national hatred. In spite of all punitive expeditions, the West Ukrainian village is still not "pacified." Poland is a country made up of a number of nationalities. It has various speech boundaries. The existence of such national minorities as White Russians, Volhynians and Ukrainians within its political limits does not aid the stability of Great Poland. The struggle against national suppression may yet acquire an explosive quality.

But then the rulers of Poland may yet attempt to use these national antagonisms as a means of diverting the revolutionary movement. Anti-Semitism is an old makeshift. However, the Polish and Jewish proletarian organizations are cooperating more than ever before against anti-Semitic intrigue and pogrom provocations.

AN IMPORTANT question faces the Polish government: How to forestall a revolutionary crisis? Shall it be by means of brutal repression or through "liberal" concessions? The various cliques among the rulers of Poland are now disputing what will be the answer. Recently the organ of the "colonels" and of Foreign Minister Beck was confiscated. Two highly placed "colonels" were

dismissed. It appears that they planned a palace coup. Pilsudsky's party is falling apart. . . .

THE POLISH SITUATION is especially significant for two reasons. In the first place, a change in present pro-German foreign policy of Poland will remake the alignment of war forces in

Europe. Then, today Poland is the country whose laboring masses appear to have—in view of the striking similarity of the social-economic setup—a chance to make a "second Spain." And that may be more important.

Translated by Robert Ender.

Facts About Spain

• Roberto

WHAT is the position of the Spanish Socialists on the "alianzas"?

Let me quote Araquistáin, a very left Socialist. Writing against the Communist Uribe, he entitles his argument with the significant phrase "the Soviet myth". Says Araquistáin:

"No Marxist will disagree with the use of the alianzas as instruments of insurrection. But here the question is not merely of this purpose but also of the use of the alianzas as organs of power during the dictatorship of the proletariat, as the Soviets in Russia. We have here the transposition of a political phenomenon from one political and social milieu to another. . . .

"In Russia the Soviets arose spontaneously in 1905, to supply the lack of strong political parties, large labor union organizations and organs of popular local administration like our Ayuntamientos (municipal councils). There were no intermediary blocks in the great Tsarist pyramid between the monstrous absolutist superstructure and the masses. When the revolution broke out in 1905, the people created their organs of local government, Soviets or councils of workers and revolutionary petty bourgeois. These were also formed in Spain during the 19th century whenever there was a crisis in the State.

"The Soviets represent a typical phenomenon of the 19th century. They appeared in all countries in revolutionary periods. Sometimes they bore the name of communes; during the revolutionary era of Spanish America they were called *cabildos*. Today in the 20th century, Soviets councils, juntas, or alianzas are a political and social anachronism. They subsist in Russia, but as formal and symbolic relics of a glorious past, that is, as historic myths. . . .

"In Spain, where we have great parties, formidable labor union organizations and a municipal institution like the Ayuntamiento—which is historically and socially deep-rooted and lacks no revolutionary tradition—, why ask for worker and peasant alianzas . . . ? (The Spanish peasants, who are not workers but small proprietors, will be able to concur with the propertyless workers in the Ayuntamientos. It is doubtful if they would join one of those strange alianzas. It is more probable for them to enter an agricultural labor union.)

"The answer is not difficult. In accordance with a manœuvre that can be recognized as partly dispersive and partly enveloping, some people try to separate the Socialist Party from its mission as the directing organism of the Spanish Revolution. On one hand, the party is criticized for having participated in the governments of the Republic. On the other hand, an attempt is made to promote the creation of permanent alianzas, which were without doubt useful during the insurrection of 1934 but whose present object as "organs of power" is not so much meant to serve the dictatorship of the proletariat as it is to hinder the Socialist Party, which claims the organization and direction of that dictatorship, in accordance with our project for the new party program."

Araquistáin seems to annul the concession he made to the alianza in his first paragraph. Or does he assume that the battle for power has already been won? For him, the Socialist Party is both the instrument of revolution as well as the directing organ of the new social order. And it is understood that the more conservative Spanish Socialists like Prieto and Besteiro feel even less kindly to the alianza.

What is the position taken by the C.N.T.?

The C.N.T., as is well known, is dominated by "libertarian socialists" or "libertarian communists" ("anarchist" is the traditional term). Anarchists have always been for the "maximum participation of the people in the insurrectional act and in the construction of the new social order" (I am quoting a C.N.T. writer). They have always held out the mass council or assembly as the tool of revolution and the "federalist autonomous" commune as the means of administering the free society they were going to establish.

Apparently the C.N.T. should take kindly to alianzas. But for two reasons they shoo away the collaboration and the winsome politenesses of the "professional revolutionists" of the P.O.U.M. In the first place, the Spanish syndicalist recalls the Russian experience, when a political clique used the more or less popular, spontaneously formed councils to get power and then suppress these bodies. "All power to the soviets!", as used by the Bolsheviks, was a catch-phrase that led to its very opposite—an authoritarian dictatorship. In Spain there is a great popular hatred of dictatorships and dictators, whether left or right. That is why both the Socialists and Communists, official and splinter, do not speak of a merely "socialist" revolution but of a "democratic-socialist" revolution.

In the second place, the official C.N.T., centered in Barcelona and guided by the F.A.I. (Federación Anarquista Ibérica) considers, in spite of its vaunted Malatestean orthodoxy, the autonomous labor unions composing the great national federation as the exact form of the "free communes" of the new social order. Thus the C.N.T., itself a federation of autonomous unions, grouping themselves into similarly autonomous sections and deciding its business through local, sectional and federational open assemblies—is the instrument of revolution as well as the basic social unit for the new society.

But there is also a C.N.T. opposition, which rejects the "orthodoxy" of the F.A.I. and its policy of imposing on the general labor organization participation in systematic and repeated insurrections. This opposition is centered in Valencia. It expressed itself theoretically in the Federación Sindicalista Libertaria. The unions of the new syndicalist federation were very active in the formation of the original alianzas.

What Will Happen?

BUT "PARTY", "alianzas", "communes", the "revolutionary labor union", that is, to a large extent, the shop talk of profes-

sionals. The masses act any way they understand to be most suitable to better their situation. The diplomaed guides take charge of the situation and regiment the action of the mass as soon as they find it worth while.

On one hand, there is the *Frente Popular* with its program of land distribution, purification of political institutions and nationalization of certain branches of industry and commerce. Some see the People's Front as the equation of Worker's Democracy (Socialist Party) pressing the radical bourgeois government to enact reforms, under the menace of revolutionary action. The Spanish Socialist Party is the People's Front. Casares Quiroga's government is the government of the S.P.S., in spite of the "leftwardness" of the majority section of the party and the refusal of Caballero to father a cabinet. The chiefs of the S.P.S. are afraid to upset the present equilibrium. They will soon go to the Cortes with a Plan similar to that of the French C.G.T. The apple cart must not be upset till then. And it will not be upset by the national Plan.

Who may upset the cart? The naughty C.N.T. may upset it. All over the country strikes continue to burst forth, though Premier Casares Quiroga says some strikes are illegal and the heads of the Socialist U.G.T. say that some kinds of strikes are unnecessary. In places where the ordinary strike method is not effective, the workers occupy the factories and wait for something to happen. Of course, nothing happens. What can the workers do with the factories? No more than the trade-unionists who occupied the Fiat plant in Torino in an apparently similar situation. Behind it

all is the C.N.T. It refuses to be reasonable. The best thing the Socialists can do is to amalgamate their U.G.T. with the syndicalist controlled organization—in the name of labor unity.

The amnesty, the distribution of land, the institution of the 44 hour week in the metal industry were the work of the popular masses. As usual, the various professional leaders acted as a deadweight on the forward urge. Will the people reach out for more? A great deal depends on Spanish syndicalism.

It is growing out of its inherited anarchist contempt, or dread, of political action. As it passes from the defence of the propertyless to the attempt to accomplish a fundamental social change, it may come to realize that it has always been in politics. The influence of the syndicalists, intransigent, fearless, intent on their aim and grown wise politically, may work wonders in Spain. But it is more likely that the forces of "law and order" will win out—with the help of the fascist bogey. "For if you are too greedy and too bold—Fascism will get us all!"

The ownership of land will be distributed more widely with the help of agricultural credit offered by a national Bank. The economic life of the country will be "planned". The reasonable elements within the C.N.T. will win over the F.A.I. A united labor federation will act in a very realistic, far-sighted manner, and stave off Fascism by not doing anything that would upset the apple cart. Everybody will wait for the sound of the solution—an explosion farther north.

Translated by F. H.

Wall Street Financed Hitler Victory?

From "Deutsche Revolution," Praha, Czechoslovakia:

FOR SOME TIME there has been circulating the rumor of a book, written by the young Warburg and published in Holland, which described a shameful deal between the international financiers and Hitler and gave some sensational details about the doings of the Nazi party before its seizure of power in 1933.

This book has been sought after by the keenest of Europe's reporters. But it appeared that the cooperation of Wall Street and Goebbels had succeeded in destroying every vestige of the document.

Now there suddenly comes the report from Zuerich that an original copy has been found and that it is being prepared for publication by the well-known Swiss writer and publisher, Rene Sonderegger.

When we first heard of the book, we thought that its unusual nature made it imperative for us to examine it and convince ourselves of its contents. We succeeded in finding and studying a copy of Warburg's disclosure. So that to Sonderegger's testimony and the proof offered in the shape of photographic plates, we add our own guarantee that the document is authentic.

Without wishing to anticipate Sonderegger's publication, we may state the following principal facts deal with in the banned book:

In 1931 and 1932 Hitler and his party found themselves in financial straits. Hitler therefore turned to American financiers with the plea for a huge loan that might enable him to win power in Germany.

As a recompense, he pledged himself and his government to a political and economic policy that would do no harm to Ger-

man large industry. The guarantee was to be carried out under Herr Schacht's supervision.

A conference of some of the most important men in the world of finance put the banker Sidney Warburg in personal charge of the negotiations with the Nazis. In numerous conversations with Hitler, Goering, Goebbels, Streicher and other Nazi leaders, the American bankers agreed on the total extent of Hitler's money requirements.

Hitler himself figured that he would need 500 million marks in order to accomplish a violent revolution and 200 million marks in the event of a "legal" seizure of power.

He actually received 200 million marks in the course of time, but not without being obliged to dispatch to the Americans several begging letters.

It is understood that the responsibility for the correctness of these facts is borne only by the author Sidney Warburg and the publishing house of van Holkema and Warendorf (Amsterdam), which had first brought out the book.

But we take full responsibility for the statement that we ourselves had seen the book, held it in our hands and read the details presented above.

It is now up to Hitler, Goering and Goebbels to take action against the author and publisher if they want to contest the truth of Warburg's assertions.

Should they not care to take action of this kind, the world will have an admission of a grandiose, shady business affair of high finance and the undisguised proof of the dependence of the Fuehrer on the international capitalist wirepullers. Then we shall be able to grasp the full meaning of that scornful phrase of Schacht's, which aroused so much anger in the "Schwarze Korps" (No. 18, April 23, 1936): "The economic order pays the politician."

We call on the world press to spread this report, so that the German people might become aware of Hitler's "Panama Scandal" and free themselves from a system that threatens both Germany and Europe with destruction.

(This statement has been translated from the organ of the "Black Front," published by Dr. Otto Strasser, the brother of Gregor

Strasser, the theorist of the Nazi radicals, who planned to institute in their country what they chose to call "German socialism." Gregor has been assassinated by Hitler. His brother continues from abroad a stubborn struggle against Hitler, whom the "Black Front" considers a usurper and a deformer and betrayer of the original "National Socialism.")

"The Money Sources of National Socialism"

SUMMARY OF A "LOST" BOOK

• Rene Sonderegger

Translated from "Deutsche Revolution," which has reprinted the article from Sonderegger's organ "Der Sperber":

IN THE SUMMER of 1933, soon after Hitler's accession to power, one of the most distinguished publishing houses in Holland issued a small work entitled: *The Money Sources of National Socialism*.

The announcement of the appearance of the book caused a sensation in various circles. There was a wide demand for it.

But the advertised pamphlet never entered circulation. The edition was in part withdrawn by the author and the publishers; the remainder was bought up and destroyed by agents of the German Propaganda Ministry. Soon no copy could be found; people lost all interest in the riddle.

The *Sperber* is now in the position to give the contents of this work. For good reasons we cannot tell how we acquired a copy of the lost document.

* * *

On page 9 we find a description of the world situation as viewed by Wall Street. It deals mostly with the beginning of the catastrophe which broke the back of American prosperity. The newspapers printed interview after interview giving the opinions of such great men of the business world as Hoover, McKenna, Dawes, Young and others. America began to sense the peril of losing its position as the successful leader of world economy. People began to worry about the fate of the great sums of money loaned abroad, especially since the "Black Friday" crash led to new demands on the large banks. The Federal Reserve banks had placed huge sums huge in Germany. They began to worry about these placements when the news of the crash started to convulse securities in that country.

The financial masters of the United States were alarmed and held council as to what was to be done.

On page 15, we learn of their decision. The United States had to find a way of wresting from France the weapon she used against Germany—the reparations. The French, who continued to distrust the Germans long after the conclusion of the war, were to be made to leave Germany alone so that the United States and England would not be hindered in their attempts to make Germany solvent. Neither Montague Norman, the head of the Bank of England, nor Sir Henri Detering, the president of the Royal Dutch Shell, objected to having American efficiency and energy save German capital from the French "menace." The newspaper king Hearst atoned for a related anti-French campaign by having Tardieu endow him with an order of expulsion from France.

This was the state of affairs in 1929, when the young Sidney Warburg received his first assignment, which was to train him for a throne among the mighty of the earth.

In July of that year Warburg was invited to see Carter, the president of the Guarantee Trust. Carter let him know what

transpired at a previous conference held by the presidents of the Federal Reserve Banks, five "independent" bankers, the young Rockefeller and Mr. Glean of the Royal Dutch Shell.

We learn on page 18 that at the mentioned meeting it was concluded that pressure should be brought on the French by inspiring them with the fear of a revolution in Germany. The two possibilities that offered themselves were Communist and Nationalist revolutions. It was evident to all present that a Communist revolution could not be considered because it contained certain unsafe implications. A Nationalist revolution, on the other hand, held out the greater likelihood of keeping their interests secure.

The man who could best inspire France with the fear of a German revolution was Hitler. It was important not to delay. The young Warburg was asked by the conference to go to Germany and take charge of the negotiations with Hitler. The latter was to be made to understand that he was expected to pursue an aggressive policy toward France, but he was to be left in dark as to the reason for the support of his movement.

1929

After the young Warburg has exchanged his elegant stateroom on the "Isle de France" for a pleasant suite in the Hofbrauhaus in Munich, he presents on page 22 certain details that shed light on the history of that movement characterized by Hitler as the great opportunity of a thousand-year epoch. We shall pass over some very important details and forego repeating the declarations of the needy dictator, to find on page 34 of Warburg's book the account of an agreement calling for the making of a national revolution in 1929; price 10 million dollars. The money was to be paid through the intermediary of Herr von Heydt, who brought along with him a certain trusted man of Hitler's by the name of von Frey. Warburg records with surprise that this young man corrected him energetically when he pronounced the word "Hitler." "Our Fuehrer" was used thereafter. The bank of Mendelsohn and Company in Amsterdam was to issue ten single checks, each for a million dollars; these checks Warburg endorsed in favor of several persons, as von Heydt and others.

The ten million dollars did not fail to bear their influence on France. Immediately after the Hitler peril appeared in the European firmament. France was obliged to take its hand off the things that the mightiest of the earth considered their own property.

1931

In order to shed light on the meaning of the word "national" as found in the term "National Socialism," we shall reproduce the conversation with Hitler reported by Warburg on page 30:

"No, not in Germany. That is too dangerous. I do not trust any German banks. The money must be assigned to a bank abroad."

And on page 29: "First, I must know how far your employers are ready to go. Will you agree to new subsidies if your first objective is attained?"

On page 29 we learn from Hitler's mouth that money alone would not suffice but "that the discontent of the people must grow and unemployment increase. Only then shall we get power."

On page 43 we read a touching letter penned by Adolf Hitler to his Wall Street promoters. It is translated from the Dutch and contains the following passage:

"Our movement is growing rapidly in all Germany. I have spent the sum given to me for the upbuilding of my party. I must find new revenue within a reasonable period. I do not, like the Communists and Social Democrats, receive great financial aid from various governments, but depend entirely on the contributions of the party itself. There is nothing left of the money received. I describe below an important activity which can easily bring us to power in Germany.

"Money is needed for this. I beg you to inform me how much I can expect in the near future."

The letter was date-lined in Berlin but mailed in the United States. Therefore it must have been dispatched by an agent of Hitler's in America. The time of sending was October 1931, when the pitch of Wall Street was rather low, still on account of the crash.

Sidney Warburg hurried to Carter with the plea sent by Germany's national savior. At that time Carter had reason for being dissatisfied with friend Hoover for his arrangements with Laval.

"Hang it!" said Carter. "What fools we were to forget this Hitler. All during the lengthy negotiations with France we had at our disposal an instrument we got cheap but did not know enough to use."

Mr. Carter knew what was to be done. Montague Norman was then in New York. There was a good chance to talk things over with the Englishman, who might be willing to help impose a setback on his friends from the other side of the channel.

The meeting in the Guarantee Trust offices was well attended, since the uncertainty and suspense hovering over Wall Street troubled everybody and brought men of finance to New York. The opinion was expressed that the threat against France could be sharpened by giving a new impulse to National Socialism. Rockefeller, Carter and MacDean were for Hitler; the other directors hesitated. Montague wanted to know what had taken place since 1929 and thought that 10 million dollars was too much for financing a new political movement. Glean of the Royal Dutch agreed with Norman. He believed that the influence of Hitler's activity was too small to make an impression on France. He suspected that Hitler was a mere mouther and would never dare to act.

After some discussion, it was decided to commission Sidney Warburg again and act in accordance with the information he would provide. He again travelled abroad and met in Hamburg a Jewish banker who was quite enthusiastic about Hitler. Warburg was told that the German people were not mature enough for democracy and that the national movement was just the thing for the country.

He was not at all uneasy about Nazi Jew-baiting, as Hitler had assured him that the Nazis aimed only at Galician Jews. He—Hitler—knew the difference between native German Jews and Ghetto Jews. The baron von Heydt and, later, a National Socialist by the name of Luetegbrune came as Hitler's trusted men. Warburg took cognizance of the results of the movement. He assured himself that the discontent that mastered the country offered enough inflammable material for a conflict between Germany and France.

He was soon asked to see Hitler, who had moved his headquarters to a noble's house at 28 Fasanenstrasse. He noticed certain

changes in his interlocutor. Hitler was less nervous, more self-assured.

Hitler propounded new plans. "A revolution is not made with a red handkerchief." A revolution would cost 500 million marks; a "non-violent change," about 200 million marks. Hitler substantiated his estimates with ample data. Pay your money and take your choice. Goering, Goebbels, Streicher and von Heydt had gone to Rome on various occasions in order to learn things from Mussolini. France and Poland could be taken care of with some agreeable excitement. All the preparations for the execution of the job had been completed. The only thing lacking was a suitable amount of money.

Warburg sent on his impressions to America. Hitler's demands were found to be too high. Hitler did his utmost to conclude the deal. He showed himself accommodating; he pulled on all stops. Goering left Warburg no peace. He looked up the American in the company of Streicher and sounded tones to which the nerves of the Wall Street intermediary were not accustomed. Warburg showed both gentlemen the door when Goering referred to "swindlers." He complained to the Fuehrer, whereupon Goering promptly sent a sweet note begging Warburg's pardon. Reserves were called up. Von Heydt brought along the "most honest" man of the movement, Gregor Strasser. After von Heydt had exhausted himself in attempts to interest Warburg in Hitler's revolution, Strasser spoke of his program, which—so, at least, it seemed to the American—was based mostly on the solution of the unemployment problem. Warburg was not affected by the National Socialists' insistence. He investigated, heard the Nazis' plea, investigated again and then faithfully cabled his opinion of the entire affair to the United States.

Warburg received instructions to settle for 15 million dollars at the highest. No more was to be given. The "Fuehrer" was stunned. He asked to be excused on account of sickness. Von Heydt and Strasser got the assignment to "cash at least that sum."

Fifteen million—von Heydt immediately considered the maximum—was not much for their huge task. There could be no talk now of a violent revolution. When they became cooler, Strasser asked plainly when the millions could be paid. The sum amounted altogether to 60,000 Reich marks. Hitler waited to be asked again. Then he invited Warburg to 28 Fasanenstrasse and accepted the offer. He continued to distrust the German banks and requested to have the money transferred, in five million dollar lots, through Mendelsohn and Company in Amsterdam, Rotterdamsche Bank-vereenigun and the Banca Italiana. Warburg travelled to Rome with Goering and Gregor Strasser. There at a dinner with Balbo he was the only man without a uniform. His mission completed, he returned on the "Savoia" from Genoa to New York.

1933

Warburg's account then brings us to the time of Hitler's entry into the government. The financier was now in Berlin, partly in order to watch over the course of the deal, partly to observe the situation of American interests in Germany and partly to consider new requests for money. He describes the tenseness of the situation. His report on the Reichstag fire reaches dramatic heights. Fever had seized the National Socialists. They were risking their heads. In preparation for Warburg's third conversation with Hitler, Goering again appeared as the ambassador, but brought this time a new figure: Dr. Goebbels.

The last act took place in the Fasanenstrasse. Hitler was conscious of victory. It was only a matter of holding out for a little while, and soon he would have his hands on the State Treasury. Not a word was said now about Strasser and his program. Using all the persuasive power at his disposal, Hitler attempted to get

more credit from Warburg. He argued that the money was well placed. He finally set his demand at 100 million marks. Goering and Goebbels framed Hitler's plea with descriptions of the party's new plans.

While Warburg was cabling his report to New York, the clamor of the German revolution resounded in his hotel room. He heard the respective claims of the orators and then saw fly the sparks of the Goeringian revolution. Carter cabled him that the presidents were willing to give 7 million dollars more. Five million was forwarded through various banks and 2 million was paid out to War-

burg himself by the Rhenania Aktiengesellschaft. The conversation accompanying the transfer of this sum was brief.

Hitler had the five million dollars assigned to him in the Banca Italiana, while the two personally brought millions were handed over in five equal checks written out in Dr. Goebbels' name.

Then the audience ended. Warburg went his way.

And he expresses the hope that the German people will live through the trial. He foresees a lot of trouble for the human beings that are subjected to a Hitler. Poor world! Poor humanity!

Translated by John Haddon.

Japan Eats China

• Asiaticus

From "Izvestiya," Moscow:

JAPAN, as the chief competitor of Chinese industry, is conducting against it a struggle following two closely interconnected lines. First, the Japanese flood the Chinese market with their goods at dumping prices, simultaneously seizing a monopoly of all of the most important sources of industrial raw materials in China. Second, they are beginning to take into their own hands direct control over the fundamental branches of Chinese industry.

To characterize the first of these two methods of struggle, consideration may be given to the balance of Japanese trade with China, as well as to the part which it plays in the general picture of Japanese foreign commerce. According to official Japanese data, the active trade balance of Japan with respect to China (including, in this case, also Manchuria and Hongkong), has risen from 22,000,000 yen in 1931 (the year of the seizure of Manchuria) to 88,000,000 yen in 1932, 150,000,000 yen in 1933, 241,000,000 yen in 1934 and approximately 300,000,000 yen in 1935. When we consider the volume of Japanese foreign trade as a whole, expressed in 1935 by the amount of 5 billion yen, we find that the Japanese have succeeded in lowering their negative balance to approximately 25,000,000 yen, thanks to their 300,000,000-yen of favorable balance resulting from China trade. At the annual meeting of the "Hongkong-Shanghai Banking Corporation," which took place on February 22, 1936, the president, Stanley Dodwell, declared as follows:

"The expansion of Japanese foreign trade (during 1935) has continued at an astonishing rate. The general figures for export and import have set unprecedented records. It is true that these figures are not in terms of gold but of depreciated yens. Nevertheless, when the difficulties resulting from limited quotas and tariffs set up by a whole series of countries are taken into consideration, these figures represent a remarkable achievement. Industrial production has broadened out at an increasing rate, and it is important to note that the export of machinery is growing with especial vigor and is becoming one of the leading components of the total trade."

The growth of Japanese industry and foreign trade continued in 1935, in spite of limitations imposed by severe quotas and high tariffs in many countries whose markets are strongly influenced or even directly controlled by England. These include, among others, the Malay states, Indonesia, India, Australia, New Zealand, Abyssinia, Egypt, etc. Japan's negative trade balance in many of these countries, arising from limitation measures and high tariffs, was compensated by a considerable positive balance from its trade with

China, where Japan had fortified its monopolistic domination of such large regions as Manchuria and North China and had simultaneously secured for itself low import duties in Central and Southern China, not to mention large-scale open contraband.

IF JAPAN is attempting to compensate itself at China's expense for limitations in other Asiatic and Pacific countries, such an attempt confirms its intention to conquer the maximum active trade balance in China, by flooding the Chinese market with its goods on the basis of ruthless competition with local industry, and also by restricting its imports from China such varieties of raw materials which it can obtain there at particularly advantageous terms. This explains why Japanese imports from China were represented in 1929 by 370,000,000 yen, and in 1935 by only 330,000,000 yen, in spite of a considerable depreciation in the value of the yen during the intervening period. By contrast, Japanese exports to Manchuria alone increased from 77,000,000 yen in 1931 to approximately 430,000,000 yen in 1935. The data of Chinese customs offices for 1935 indicate a sharp increase of cotton exports to Japan. As for Chinese iron, it was exported to Japan exclusively. This circumstance, together with the growth of coal and iron production in Manchuria, whence these materials are exported primarily to Japan, proves that what China's export "trade" with Japan amounts to is simply the seizure by Japan of Chinese raw materials, indispensable for its own industry.

However, as already indicated, Japan's struggle with Chinese industry expresses itself also in forcing out Chinese capital and establishing complete Japanese control. By no means does this imply China's industrialization by Japan; to the contrary, it signifies a strangulation of Chinese industry. Japanese capital investments in Chinese industry are substantially limited to the mining industry, especially in the fields of coal and iron mining, and also to those branches of Chinese industry which may create serious competition for Japan. This second group comprises, first and foremost, the textile industry.

Japanese control of coal and iron mining in China may now, to a substantial extent, be considered as an accomplished fact; and it will be completely realized if Japan will succeed in conquering North China. As concerns coal deposits, we read the following in the "China Yearbook": "Almost all mines with an annual production exceeding 200,000 tons are located north of the Yangtze River, chiefly along railroad lines." The total production of coal in 1933 comprised, according to official data, 28.7 million tons, of which 30% were derived from Manchuria, 35% from Hopei and Shantung and 10% from Shansi. Not to mention Manchuria, Japan has already taken possession of all the modern Chinese mines in

Hopei and has assumed control over the Shantung mines. The largest coal-mining enterprise of North China, the Kailan mines,—whose annual production amounts to 4-5 million tons of coal—is still in British hands. This enterprise, however, is located in territory subject to Japanese puppets in the persons of the government of Eastern Hopei. As for the railroad and the port of Tzinwangdao, which are connected with this enterprise, they are in the power of the Japanese military forces. This shows that this British fortress is not liable to long life. Dispatches indicate that negotiations are in progress concerning the transfer of the enterprise into other hands.

As for Japanese control of iron ore production in China, matters here are still worse for China than they are with regard to coal. The *China Yearbook* states: "China's deposits of iron ore are very insignificant, if the large amount of ore located in Manchuria is not counted." The entire production of the Anshang firm in Southern Manchuria (471,000 tons of pig iron in 1933) and of the Bensikhu firm (116,000 tons in 1933) is monopolized in Japanese hands. The entire output of iron ore in the Yangtze Valley, the next important metallurgical center of China, is exported to Japan. In 1932, 551,000 tons were exported, in 1933—585,000 tons, and in 1934—842,000 tons. All the mining companies of this region are in debt with the Japanese and are bound by long-term agreements to sell their output exclusively to Japan, at prices which are considerably lower than those existing on the open market. According to official data, the entire cast iron output from Chinese blast-furnaces constitutes less than 100,000 tons. The Hangyepin Company (Hupeh), owner of the largest mines in the Yangtze Valley, is under Japanese control and is compelled to export its entire production (300-500 thousand tons) to Japan in the form of raw ore. At the same time, "six blast-furnaces of this company with the total productive capacity of 1,700 tons were dismantled after 1928" (as reported by the British trade councillor). In this region, Japan, in contradistinction to its activities in Manchuria, is not interested in the refining of cast iron, and tends to paralyze this branch of the industry.

THE NEXT STRUGGLE in this mortal war against Chinese industry is conducted in Shanghai, the largest industrial centre of China. According to the *China Yearbook* for 1936, the number of spindles in Chinese textile mills has tripled during the period between 1919 and 1934, while the increase in Japanese mills has increased sixfold during the same period. The number of looms in Chinese mills tripled during that time; in Japanese mills the number of looms increased twelve times. The position of the textile industry in Shanghai in 1934 is reflected in the following table:

	Spindles.	Spinning machines.	Looms.	Pieces of textile
Japanese Mills	1,297,603	284,312	12,278	9,689,968
Chinese Mills	1,126,204	92,528	7,854	4,038,318

The *China Yearbook* (1936) states:

"If due consideration is given on the one hand to the far greater

degree of capitalization of the Japanese mills, their higher concentration in the hands of a small number of companies, the excellent equipment found in them: and if, on the other hand, account is taken of the absurd financial conditions and antiquated equipment in the majority of the Chinese mills; the prospect then becomes very probable that *the entire industry will sooner or later fall into Japanese hands*, unless the leaders of Chinese industry undertake effective measures to counteract this development." (Underlined by the author.—As.)

The situation in the Chinese mills has become still worse since 1934. The working day in all Chinese mills was shortened, while the Japanese mills continued to operate 24 hours a day. In Shanghai, 6 of the 31 Chinese mills were compelled to close, 3 of the 4 mills closed in Hankow, 3 mills closed in Wusi and 3 more in other cities.

JAPANESE COMPETITION is further favored by the Nanking government's tariff policy. The revision of tariffs in July, 1934, resulted in a general increase of duties; yet simultaneously the rates were reduced for a number of categories of cotton manufactures, "in which Japan was primarily interested," as well as "a general reduction of duties on products of fisheries, which chiefly benefited Japanese trade." (Report of the British trade councillor). We see in the annual business review of *Japan Times* that:

"This for us favorable development is, to a considerable extent, the result of the Japanophile change of the Nanking government's policies. It cannot be contested that the Chinese tariff system, revised to Japan's advantage, also constituted an important factor in this development."

Under such conditions, the prospects of Chinese industry appear very gloomy. The situation in the above-indicated branches of industry is fraught with fateful consequences for all the branches of Chinese industry. The conditions are fundamentally similar in the woolen industry, in the flour-mills, in match and tobacco enterprises. Besides, the fate of all the branches of modern Chinese industry is being decided by the Japanese seizure of all strategic points in Chinese industry. For this reason, the most important circles of Chinese capitalists, as well as the Chinese intellectuals, demand from the Nanking government the most decisive struggle for the existence of the Chinese national industry, by adopting a strictly protectionist policy in defense of Chinese industry and by fixing prohibitive tariffs for the purpose of combatting Japanese competition. These circles also call on the Nanking government to organize on a national scale measures of resistance against the partition of China carried on by Japan.

Translated by Alexander Bogrow.

(The article above has been written in Shanghai by a former German Communist dissident who now reports on China for the *Pravda* and *Izvestiya*. The next issue of the INTERNATIONAL REVIEW will include a study in which the trade, territorial and military ambitions in regards to China of both the U.S.S.R. and Japan are described and analyzed.)

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The second installment of Mr. E. Tinoco Davila's account of the social and political changes occurring in Mexico has not arrived in time to be included in this number. It will positively appear in the July issue.

THE INTERNATIONAL REVIEW invites original contributions dealing especially with the American scene.

The next issue of the INTERNATIONAL REVIEW will appear about the middle of July and will contain articles of lasting value.

War and Revolution

• Simone Weil

From "*Critique Sociale*", Paris

THE PROBLEM OF WAR is on the order of the day. We are living in the perpetual expectation of war. The prevalent reaction to the situation can be positively described as that of panic. Not so much the panic of courage before the menace of massacre, as the panic of the mind before the problems posed by the menace. Nowhere is this rout more noticeable than in the labor movement.

We must make a serious effort to analyze the situation facing us. Otherwise the first day of the war will find us impotent not only to act but to judge. And the first thing we must do is to draw up the balance sheet of the traditions which have guided our behavior in similar situations hereto.

Up to the period following the last war, the revolutionary movement, in its various forms, had nothing in common with pacifism. The revolutionary stand on war and peace has always found its inspiration in the memories of the years 1792-3-4, the cradle of the revolutionary trends of the 19th century. In absolute contradiction with historic reality, the war of 1793 appeared as a victorious outburst that, by ranging the French people against all foreign tyrants, was going to break with the same blow the domination of the Court and the upper bourgeoisie and hand over the power to the representatives of the laboring masses. From this legendary belief, perpetuated by the song *Marseillaise*, flows the conception that a revolutionary war, defensive or offensive, is not only a legitimate form but one of the most glorious forms of the struggle of the toiling masses against their oppressors. This was the idea common to all Marxists and almost all revolutionaries up to about fifteen years ago. In fact, however, the socialist tradition has given us more than one conception of war. It has given us several contradictory ones, which have never been clearly compared and evaluated.

IN THE FIRST HALF OF THE 19TH century, war seems to have had a certain prestige in the eyes of the revolutionaries. In France, for example, they vigorously rebuked Louis-Phillipe for his peace policy. Proudhon wrote an eloquent eulogy of war. The revolutionaries of the period dreamed not only of insurrections but of wars waged in order to liberate oppressed peoples. The war of 1870 forced the proletarian organizations—that is to say, the International—to take, for the first time, a definite stand on the question of war. The International, through Marx's pen, invited the workers of the two combatant countries to show opposition against any attempt at conquest, but it also advised them to participate resolutely in the defence of their country in opposition to any attacking foreign adversary.

It was in behalf of another idea that Engels, in 1892, evoked the memories of the war of exactly one hundred years before when he called on the German social-democrats to fight with all their might in the case of a war of Germany against allied France and Russia. According to him, the matter was no longer one of defence or attack. It was now a question of preserving, either through an offensive or defence, that country where the working class movement was most powerful. It was a question of crushing that country which was most reactionary. According to this outlook, which was also that of Plekhanov, Mehring and others, the stand to be

taken in a war could be determined by calculating what result would be most favorable to the international proletariat. Sides were to be taken accordingly.

This position is opposed by that of Lenin (the Lenin of 1914-1918, *ed.*), according to whom all but *national* or *revolutionary* wars were to be sabotaged by the proletariat in each country. It is also opposed by that of Rosa Luxemburg, according to whom the proletariat ought to try to sabotage all wars, excepting *revolutionary* wars. The last two conceptions, founded on the notion that all wars (save the mentioned exceptions) are imperialist in character and are to be compared to quarrels of bandits over the division of their booty, also have their difficulties. For they seem to break the unity of action of the international proletariat by engaging the workers of each country to work for the defeat of their own country and favor at the same time the victory of the imperialist enemy, which, on the other hand, the workers in the opponent country must endeavor to prevent.

LIEBKNECHT'S FAMOUS FORMULA: "Our enemy is in our country" clearly brings out the chief difficulty when it assigns to the various national fractions of the world proletariat a different enemy and thus, at least in appearance, opposes one section of the proletariat against the other.

It is obvious that on the question of war the Marxist tradition presents neither unity nor clarity. One point was common to all the Marxist trends: the explicit refusal to condemn war as such. Marxists—notably Kautsky and Lenin—willingly paraphrased Clausewitz's formula, according to which war only served to continue the politics of peace times. War was to be judged not by the violence of its methods but by the objectives pursued through these methods.

THE PERIOD FOLLOWING THE WAR did not introduce a new conception of war into the labor movement. One can hardly accuse the labor organizations of our time of having definite ideas on the subject. But the post-war years did introduce a new moral atmosphere. As early as 1918, the bolshevik party which then desired a revolutionary war, had to resign itself to peace under the direct pressure from the Russian soldiers, whom the example of 1793 no more inspired with the desire of emulation than was evoked by Kerenski. In the same way, in other countries, the masses bruised by the war compelled the parties that leaned on the proletariat to adopt a language that was purely pacifist; a language which, moreover, did not prevent some from toasting the Red Army and others from voting war credits for their own country.

Let it be understood, that language was never justified theoretically. Nobody ever stopped to remark that there was something new about such an attitude. But the fact was that instead of attacking war because it was imperialist, people began to attack imperialism because it made wars. So that the so-called Amsterdam movement, which theoretically was directed against imperialist wars, was obliged, in order to be heard, to present itself as being against war in general. In its propaganda, the pacific inclinations of the U.S. S.R. were emphasized rather than the proletarian character—or that called such—of contemporary Russia. But the formulae of the great theoreticians of socialism on the impossibility of condemning war as such were completely forgotten.

THE TRIUMPH OF HITLER in Germany brought to the surface, so to speak, the entire inextricable tangle of the old conception. Peace appeared less precious now since it permitted the unspeakable horrors under which thousands of workers were groaning in the German concentration camps. The idea expressed by Engels in his 1892 article reappeared. Is not German fascism the principal enemy of the international proletariat just as Tsarist Russia was in those days? This fascism, spreading like a blotch of oil, can only be erased by force. And since the German proletariat is disarmed, it seems that only the might of the remaining democratic countries can clear away the stain.

Moreover, people said, it is not important to stop to decide whether we are dealing here with a war of defense or of a "preventive war." Did not Marx and Engels at one time try to force England to attack Russia? The coming war can no longer be thought of as a struggle between two imperialist combatants but as a struggle between two political regimes. And just as it was suggested by old Engels in 1892 when he recalled what happened one hundred years before, so it is suggested now that a war will oblige the State to make serious concessions to the proletariat. Especially since the impending war will necessarily bring a conflict between the State and the capitalist class and, without question, also advanced measures of socialization. (Who knows but the war may automatically carry to power the representatives of the proletariat?)

All these considerations are beginning to create in the political circles that seek support among the proletariat a current of opinion that is more or less explicitly in favor of an active participation of the proletariat in a war against Germany. This current is still relatively weak, but it will without doubt swell. Others stick to the distinction between aggression and national defence. Still others hold on to Lenin's conception. Others, as yet quite numerous, remain pacifists, for the most part from the force of habit. The confusion is great.

THE EXISTENCE OF SO MUCH uncertainty and obscurity may be found surprising and almost shameful considering the fact that we are dealing here with the most characteristic phenomenon of our time. It would be surprising, however, if we arrived at anything better in view of the persisting influence of the absolutely legendary and illusory tradition of 1793 and in view of the very defective common method of evaluating each war by its supposed ends rather than by the character of the methods employed. Nor would it be preferable to put the blame on the usage of violence in general, as does the pure pacifist. In each epoch war constitutes a clearly determined species of violence, the mechanism of which we must study before we can form any opinion. The materialist method consists above all in the act of examining all social acts in accordance with a procedure that seeks to discover the consequences necessarily implied in the working out of the methods employed instead of taking the avowed ends of the human facts in question at their face value. One cannot solve nor even state a problem relating to war without first taking into account the mechanism of the military struggle, that is, without first analyzing the social relationships implied by war under the given technical, economic and social conditions.

WE CAN SPEAK OF WAR in general only abstractly. Modern war differs absolutely from anything designated by that name under previous regimes. On one hand, war is only a projection of that other war which bears the name of competition and which has made of production a simple form of struggle for domination. On the other hand, all economic life now moves toward an impending war. In this inextricable mixture of the military and economic,

where arms are put at the service of competition and production is put at the service of war, war merely reproduces the social relationships constituting the very structure of the existing order but to a more acute degree.

Marx has shown forcefully that the modern method of production consists essentially of the subordination of the workers to the instruments of labor, which are disposed of by those who do not work. He has shown how competition, knowing no other weapon than the exploitation of the workers, is transformed into a struggle of each employer against his own workmen and, in the last analysis, of the entire class of employers against their employees.

In the same way, war in our days is distinguished by the subordination of the combatants to the instruments of combat. And the armaments, the true heroes of modern warfare, as well as the men dedicated to their service, are directed by those who do not fight. And since this directing apparatus has no other means of fighting the enemy than by sending its own soldiers, under compulsion, to their death, the war of one State against another State resolves itself into a war of the State and the military apparatus against its own army.

War in the last analysis appears as a struggle led by all the State apparatuses and their general staffs against all men old enough and able to bear arms. But while the machine used in production takes from the worker only his labor power and while employers have no other weapon of constraint than dismissal—a weapon that is somewhat blunted by the existence of the possibility for the worker to choose among different employers,—each soldier is forced to sacrifice his very life to the needs of the total military machine. He is forced to do so under the menace of execution without the benefit of a trial, which the State power holds over his head. In view of this, it makes little difference whether the war is offensive or defensive, imperialist or nationalist. Every State is obliged to employ this method since the enemy also employs it.

THE GREAT ERROR OF NEARLY ALL studies of war, an error into which all socialists have fallen, has been to consider war as an episode in foreign politics when it is especially an act of interior politics, and the most atrocious of all.

We are not concerned here with sentimental considerations or with a superstitious respect for human life. We are concerned with a very simple fact, the fact that massacre is the most radical form of oppression and that soldiers do not merely expose themselves to death but are sent to death. And since every apparatus of oppression, once constituted, remains such till it is broken, every war that places the weight of a military apparatus over the masses, forced to serve it in its manoeuvres, must be considered a factor of reaction even though it is led and directed by revolutionists. As for the exterior compass of such a war, that is determined by the political relationships established in the interior. Arms wielded by the apparatus of a sovereign State cannot bring liberty to anybody.

THAT IS WHAT ROBESPIERRE came to understand and that is what was verified so brilliantly by the war of 1792, the war that gave birth to the notion of revolutionary wars.

At that time, military technique was far from reaching the degree of centralization of our days. Yet, after Frederick II, the subordination of the soldiers, charged with executing the war operations, to the high command, charged with coordinating these operations, was quite strict. At the time of the French Revolution, war was to transform France, as Barrère put it, into a vast camp,

and as a result give to the State apparatus the power without appeal that is usually held by military authority. And such was the very calculation made by the Court and the Girondins in 1792. For this war—which a legend so easily accepted by socialists has made appear as a spontaneous outburst of the mass aroused against its oppressors and at the same time against the foreign tyrants menacing the mass—was in fact a provocation on the part of the Court and the upper bourgeoisie united in a plot against the liberties of the people.

In appearance the Court and the Girondins had made a mistake. For instead of bringing the Holy Alliance for which they hoped, the war exasperated all the conflicts and sent the king and then the Girondins to the guillotine and put dictatorial power into the hands of the Montagne. But this does not negate the fact that on the 20th of April, 1792, the day of the declaration of war, all hope for democracy foundered. The second of June was followed but too soon by the 9th of Thermidor, which, in turn, served to usher in the 18th of Brumaire. Of what good to Robespierre and his friends was the power they exercised before the 9th of Thermidor? Their aim was not merely to seize power. Their aim was to establish an effective democracy, at the same time social and democratic. By the bloody irony of history, the war forced them to leave on paper the Constitution of 1793. It forced them to exercise a bloody reign of terror, which they could not even turn against the rich. It forced them to destroy all liberty. It forced them, in short, to prepare the way for the bourgeois, bureaucratic and military despotism of Napoleon.

The revolutionaries of 1792 at least remained clear-headed. On the eve of his death, Saint-Just wrote this profound formula: "Only those who are in battles win them, and only those who are powerful profit from them."

As for Robespierre, as soon as he faced the question, he understood that war, powerless to free any foreign people ("one does not bring liberty at the point of the bayonet"), would hand over the French people to the chains of State power, a power that one could not attempt to weaken at the time when it was imperative to struggle against the foreign enemy. "War is good for military officers, for the ambitious, for money-jobbers . . . for the executive power. . . The condition of war settles for the State all other cares; one is quits with the people as soon as war is given to it". He foresaw very soon the military despotism that was coming. He never ceased to point this out in spite of the apparent successes of the Revolution. He again predicted it in his death speech. He left this prediction after him as a testament to which those who have since made use of his name have unfortunately paid no attention.

THE HISTORY OF THE RUSSIAN REVOLUTION furnishes exactly the same data, and with a striking analogy. The Soviet Constitution met the same fate as the Constitution of 1793. Like Robespierre, Lenin abandoned his democratic doctrines of the time of the revolution in order to establish the despotism of the apparatus of a centralized State. He was the precursor of Stalin just as Robespierre was the precursor of Bonaparte. There is a difference. Lenin had prepared this domination of the State apparatus by forging a strongly centralized party. He deformed his own doctrines in order to adapt them to the needs of the hour. Moreover, he was not guillotined, but became the idol of a new state religion.

The history of the Russian Revolution is the more striking because war constitutes its central problem. The revolution was made as a movement against war by soldiers who, feeling the government and military apparatus go to pieces over them, hastened

to shake off an intolerable yoke. Kerensky, invoking with an involuntary sincerity due to his ignorance the memory of 1792, appealed to them to continue the war for exactly the same reasons as the Girondins before. Trotzky has admirably shown how the bourgeoisie, counting on war to adjourn the problems of interior politics and to lead back the people under the yoke of State power, wanted to transform "the war till the exhaustion of the enemy into a war for the exhaustion of the Revolution".

The Bolsheviks then called for a struggle against imperialism. But it was war itself and not imperialism that was in question. They saw this well when, once in power, they were obliged to sign the peace of Brest-Litovsk. The old army was then broken up. Lenin repeated with Marx that the dictatorship of the proletariat could tolerate neither a permanent army, police or bureaucracy. But the white armies and the fear of foreign intervention soon put the whole of Russia into a state of siege. The army was then reconstituted, the election of officers suppressed, thirty thousand officers of the old regime reinstated in the cadres, the death penalty, the usual discipline and centralization reestablished. Parallel with this, came the reconstitution of the police and bureaucracy. It is well known what this military, bureaucratic and police apparatus consequently did to the Russian people.

REVOLUTIONARY WAR IS THE GRAVE of revolution. And it will be that as long as the soldiers themselves, or rather the armed citizenry, are not given the means of waging war without a directing *apparatus*, without police pressure, without exceptional jurisdiction, without punishment for deserters. Once in modern history was a war carried on that way—under the Commune. Everybody knows with what results. It seems that revolution engaged in war has only the choice of either succumbing under the murderous blows of counter-revolution or transforming itself into counter-revolution through the very mechanism of the military struggle.

The perspectives of a revolution seem therefore quite restricted. For can a revolution avoid war? It is, however, on this feeble chance that we must stake everything or abandon all hope. An advanced country will not encounter, in case of revolution, the difficulties which in backward Russia served as a base for the barbarous regime of Stalin. But a war of any range will give rise to difficulties that are at least as formidable.

For the strongest reasons a war undertaken by a bourgeois State cannot but transform power into despotism and subjection into assassination. If war sometimes appears as a revolutionary factor, it is only in the sense that it constitutes an incomparable test for the functioning of the State. In contact with war, a badly organized apparatus collapses. But if the war does not end soon or if it starts up again, or if the decomposition of the State has not gone far enough, the situation results in revolutions which, according to Marx's formula, perfect the State apparatus instead of shattering it. That is what has always happened up to now.

In our time the difficulty developed by war to a high degree is especially that resulting from the ever growing opposition between the State apparatus and the capitalist system. The Briey affair during the last war provides us with a striking example. The last war brought to several State apparatuses a certain authority over economic matters. (This gave rise to the quite erroneous term of "War Socialism".) In consequence, the capitalist system reverted to an almost normal functioning in spite of the customs barriers, quotas and national changes. There is no doubt that in the next war things will go a little farther, and we know that quantity can transform itself into quality. In this sense, war can constitute in our time a revolutionary factor, but only if

one wants to give the term "revolution" the meaning given to it by the Nazis.

Like the crisis, war will provoke a lively hostility against the capitalists. This hostility, manipulated by the Holy Alliance, will benefit the State apparatus and not the workers. Furthermore, in order to recognize the kinship tying the phenomenon of war to that of fascism, it suffices to turn to the fascist texts, which evoke tirelessly the "warrior spirit" and the "socialism of the front". In both cases, we are dealing with the total effacement of the individual before the State bureaucracy through the instrumentality of an exasperated fanaticism. If the capitalist system finds itself more or less damaged in the affair, it will be only at the expense and not at the profit of human values and the proletariat, if demagogues goes as far as it can in certain cases.

THE ABSURDITY OF AN ANTI-FASCIST struggle which chooses war as its means of action thus appears quite clear. Not only would this mean to fight barbarous oppression by crushing peoples under the weight of even more barbarous massacre. It would actually mean spreading under another form the very regime that we want to suppress. It is childish to suppose that a State apparatus rendered powerful by a victorious war would lighten the oppression exercised over its own people by the enemy State apparatus. It is even more childish to suppose that the victorious State apparatus would permit a proletarian revolution to break out in the defeated country without drowning it immediately in blood. As for bourgeois democracy being annihilated by fascism, a war would not do away with this threat but would reinforce and extend the causes that now render it impossible.

It seems that, generally speaking, history obliges every political action to choose between aggravating the oppression exercised by the various State apparatuses and carrying on a merciless struggle against these apparatuses in order to shatter them. Indeed, the almost insoluble difficulties presenting themselves nowadays almost justify the pure and simple abandonment of the struggle. But if we are not to renounce all action, we must understand that we can struggle against the State apparatus only inside the country. And notably in case of war, we must choose between hindering the functioning of the military machine of which we are ourselves so many cogs or blindly aiding that machine to continue to crush out human lives.

Thus Liebknecht's famous words: "The principal enemy is in our own country" take on their full significance and are revealed to be applicable to all wars in which soldiers are reduced to the condition of passive matter in the hands of a bureaucratic and military apparatus. Which means to say that as long as the present war technique continues, these words apply to any war, absolutely speaking. And in our time we can not foresee the advent of another technique. In production as in war, the increasingly collective manner with which forces are operated has not modified the essentially individual functions of decision and management. It has only placed more and more of the hands and lives of the mass at the disposal of the commanding apparatuses.

AS LONG AS WE DO NOT perceive that it is possible to avoid in the very act of production or of fighting, the domination of an apparatus over the mass, so long every revolutionary tentative will have in it something of the hopeless. For if we do know what system of production and combat we aspire with all our heart to destroy, we do not know what acceptable system could replace it. Furthermore, every attempt at reform appears puerile in face of the blind necessities implied in the operation of the monstrous social machine. For present society resembles an immense machine that ceaselessly snaps at human beings and which no one knows how to master. And they who sacrifice themselves for social progress resemble persons who try to catch hold of the wheels and transmission belts in order to stop the machine and are destroyed in their attempts.

But the helplessness in which we find ourselves at present, an helplessness which must never be regarded as unchanging, cannot exempt us from keeping faith with ourselves. It cannot excuse capitulation to the enemy, no matter what mask he assumes. No matter what is the name by which the enemy adorns himself—fascism, democracy or "dictatorship of the proletariat"—the main enemy still remains the administrative, police and military apparatus. Not the apparatus that is in front of us—that is only as much our enemy as it is the enemy of our brothers—, but the apparatus, over and in back of us, that says it is our defender and makes of us its slaves. No matter under what circumstances, the worst possible treason consists in accepting subordination to this apparatus and trampling, in order to serve it, all human values in ourselves and others.

Translated by Jane Sherman

Consequences of Social Reformism

• Rosa Luxemburg

This is the fifth chapter of "Reform or Revolution", appearing serially in the International Review. The next chapter is entitled "Economic Development and Socialism".

In the first chapter, we aimed to show that Bernstein's theory lifted the program of the socialist movement off its materialist base and tried to place it on an idealist base. How does this theory fare when it is translated into practice?

Upon the first comparison, the party practice resulting from Bernstein's theory does not seem to differ from the practice followed by the Social-Democracy up to now. Formally the activity of the Social Democratic Party consists of trade union work and of agitation for social reforms and the democratization of existing political institutions. However, there is a difference—a difference not in the *what* but in the *how*.

At present, the trade union struggle and parliamentary practice are considered to be means of guiding and educating the proletariat in preparation for the task of taking over power. From the revisionist way of seeing things, this conquest of power is at the same time impossible and useless. And therefore, trade union and parliamentary activity are to be carried on by the party only for their immediate results, that is, for the purpose of bettering the present situation of the workers, for the gradual reduction of capitalist exploitation, for the extension of social control.

So that if we do not consider for the moment the immediate amelioration of the workers' condition—an objective common to our party program as well as to that of revisionism—, we see that the difference between the two outlooks is, in brief, the following. According to the present conception of the party, the importance

of trade union and parliamentary activity for the socialist movement lies in that such activity prepares the proletariat, that is to say the *subjective* factor of the socialist transformation, for the task of realizing socialism. But according to Bernstein, on the other hand, trade unions and parliamentary activity gradually reduce capitalist exploitation itself. They remove from capitalist society its capitalist character. They realize *objectively* the desired social change.

Examining the matter closely, we see that the two conceptions are diametrically opposed to each other. Viewing the situation from the current standpoint of our party, we say that as a result of its trade union and parliamentary struggles, the proletariat becomes convinced of the impossibility of accomplishing a fundamental social change through such activity and arrives at the understanding that the conquest of power is unavoidable. Bernstein's theory, however, begins by declaring that this conquest is impossible. It concludes by affirming that socialism can only be introduced as a result of the trade union struggle and parliamentary activity. For as seen by Bernstein, trade union and parliamentary action has a socialist character because it exercises a progressively socializing influence on capitalist economy.

We tried to show that this influence is purely imaginary. The relations between capitalist property and the capitalist State develop in entirely opposite directions, to that the daily practical activity of the present Social Democracy loses, in the last analysis, all connection with work for socialism. From the viewpoint of the socialist movement, the trade union struggle and parliamentary practice have a great importance in so far as they make socialist the *awareness*, the consciousness, of the proletariat by helping to organize it as a class. But once they are considered as instruments of the direct socialization of capitalist economy, they lose not only their usual effectiveness but cease being means of preparing the working class for the conquest of power. Edward Bernstein and Konrad Schmidt suffer from a complete misunderstanding when they console themselves with the belief that though the program of the party is reduced to work for social reforms and ordinary trade union work, the final objective of the labor movement is not thereby discarded, for, they argue, each step forward reaches beyond the given immediate aim and the socialist goal is implied as a tendency in the supposed advance.

That is certainly true about the present procedure of the German Social Democracy. It is true whenever a firm and conscious effort for the conquest of political power impregnates the trade union struggle and the work for social reforms. But if this effort is separated from the movement itself and social reforms are made an end in themselves, then such activity not only does not lead to the final goal of socialism but leads in a precisely opposite direction.

Konrad Schmidt simply falls back on the idea of an apparently mechanical movement that once started cannot stop by itself, because "one's appetite grows with eating" and the working class will not supposedly content itself with reforms till the final socialist transformation is realized.

Now the last mentioned condition is quite true. Its effectiveness is guaranteed by the very insufficiency of capitalist reforms. But the conclusion drawn from it could only be true if it were possible to construct an unbroken chain of increasing reforms leading from the capitalism of today to socialism. This is, of course, sheer phantasy. In accordance with the nature of things as they are, the chain breaks quickly, and the paths that the supposed forward movement can take from that point on are many and varied.

What will be the immediate result should our party change its general procedure to suit the viewpoint that wants to emphasize

the practical results of our struggle, that is, social reforms? As soon as "immediate practical results" become the principal aim of our work, the clear-cut, irreconcilable point of view, which has meaning only in so far as it proposes to win power, will be found more and more inconvenient. The direct consequence of this will be the adoption by the party of a "policy of compensation," a policy of political trading, and an attitude of wisely diplomatic conciliation. But the movement cannot cease for a long time. Since the social reforms cannot but offer an empty promise, the logical consequence of such a program must necessarily be disillusionment.

It is not true that socialism will arise automatically from the daily struggle of the working class. Socialism will be the consequence of 1) the growing contradictions of capitalist economy and 2) of the comprehension by the working class of the unavoidability of the suppression of these contradictions through a social transformation. When, in the manner of revisionism, the first condition is denied and the second rejected, the labor movement finds itself reduced to a simple corporative and reformist movement. We move here in a straight line toward the total abandonment of the class viewpoint.

This consequence also becomes evident when we investigate the general character of revisionism. It is obvious that revisionism does not wish to concede that its standpoint is that of the capitalist apologist. It does not join the bourgeois economists in denying the existence of the contradictions of capitalism. But, on the other hand, what precisely constitutes the fundamental point of revisionism and distinguishes it from the attitude taken by the Social Democracy up to now is that it does not base its theory on the belief that the contradictions of capitalism will be suppressed as a result of the logical inner development of the present economic system.

We may say that the theory of revisionism occupies an intermediate place between two extremes. It does not expect to see the contradictions of capitalism mature. It does not propose to suppress these contradictions through a revolutionary transformation. It wants to lessen, to attenuate, the capitalist contradictions. Thus the antagonism existing between production and exchange is to be mollified by the cessation of crises and the formation of capitalist combines. The antagonism between Capital and Labor is to be adjusted by bettering the situation of the workers and by the conservation of the middle classes. And the contradiction between the class State and society is to be liquidated through increased State control and the progress of democracy.

It is true that the present procedure of the Social Democracy does not consist in waiting for the antagonisms of capitalism to develop and passing on, only then, to the task of suppressing them. On the contrary, the essence of revolutionary procedure is to be guided by the direction of this development, once it is ascertained, and inferring from this direction what consequences are necessary for the political struggle. Thus the Social Democracy has combated tariff wars and militarism without waiting till their reactionary character became fully evident. Bernstein's procedure is not guided by a consideration of the development of capitalism and by the prospect of the aggravation of its contradictions. It is guided by the prospect of the attenuation of these contradictions. He shows this when he speaks of the "adaptation" of capitalist economy.

Now when can such a conception become correct? If it is true that capitalism will continue to develop in the direction it takes at present, then its contradictions must necessarily become sharper and more aggravated instead of disappearing. The possibility of the attenuation of the contradictions of capitalism presupposes that

the capitalist mode of production itself will stop in its progress. In short, the general condition of Bernstein's theory is the cessation of capitalist development.

This way, however, his theory condemns itself in a twofold manner.

In the first place, it manifests its *utopian* character in its stand on the establishment of socialism. For it is clear that a defective capitalist development cannot lead to a socialist transformation.

In the second place, Bernstein's theory reveals its *reactionary* character when it is referred to the rapid capitalist development that is taking place at present. Given the development of real capitalism, how can we explain, or rather define, Bernstein's position?

We have shown in the first chapter the baselessness of the economic conditions on which Bernstein builds in his analysis of existing social relationships. We have seen that neither the credit system nor cartels can be said to be "means of adaptation" of capitalist economy. We have seen that not even the temporary cessation of crises nor the survival of the middle class can be regarded as symptoms of capitalist adaptation. But even though we should fail to take into account the erroneous character of all these details of Bernstein's theory, we cannot help but be stopped short by one common feature they all show. Bernstein's theory does not seize these manifestations of contemporary economic life as they are found in their organic relationship with the whole of capitalist development, with the complete economic mechanism of capitalism. His theory pulls these details out of their relationship, it treats them as the *dissecta membra* (separate parts) of a lifeless machine.

Consider, for example, his conception of the adaptive effect of *credit*. If we recognize credit as a higher natural stage of the process of exchange and therefore of the contradictions inherent in capitalist exchange, we cannot at the same time see it as a mechanical means of adaptation existing outside of the process of exchange. It would be just as impossible to consider money, merchandise, capital as "means of adaptation" of capitalism.

However, credit, like money, commodities, capital, is an organic link of capitalist economy at a certain stage of its development. Like them, it is an indispensable gear in the mechanism of capitalist economy, and at the same time, an instrument of destruction, as it aggravates the internal contradictions of capitalism.

The same thing is true about cartels and the perfection of means of communication.

The same mechanical view is noticeable in Bernstein's attempt to represent the promise of the cessation of crises as a symptom of the "adaptation" of capitalist economy. For him, crises are simply derangements in the economic mechanism. With their cessation the mechanism could function well. But the fact is that crises are not "derangements" in the usual sense of the word. They are "derangements" without which capitalist economy could not develop at all. For if crises constitute the only method possible in capitalism—and therefore the normal method—of solving periodically the conflict existing between the unlimited extension of production and the narrow limits of the world market, then crises are an organic manifestation inseparable from capitalist economy.

For in the "unhindered" advance of capitalist production lurks for capitalism a danger much graver than crises themselves. It is the threat of the constant fall of the rate of profit, resulting not from the contradiction between production and exchange but from the growth of the productivity of labor itself. The fall in the rate of profit has the extremely dangerous tendency of rendering impossible enterprise for small and middle-sized capitals. It thus limits the new formation and therefore the extension of placements of capital.

Now it is precisely crises that constitute the other consequence of the same process. As a result of their periodic *depreciation* of capital, crises bring a fall in the prices of means of production, a paralysis of a part of the active capital, and in time the increase of profits. They thus create the possibilities of the renewed advance of production. Crises thus appear to be the instruments of rekindling the fire of capitalist development. Their cessation—not temporary cessation but their total disappearance in the world market—would not lead to the further development of capitalist economy. It would, on the contrary, provoke the ruin of capitalism.

True to the mechanical view marking the theory of adaptation, Bernstein forgets the necessity of crises as well as the necessity of new placements of small and middle-sized capitals. And that is why the constant reappearance of small capital seems to him to be the sign of the cessation of capitalist development, though, it is, in fact, a symptom of normal capitalist development.

It is important to note that there is a viewpoint from which all the mentioned phenomena are really seen as they have been presented by the theory of "adaptation." It is the viewpoint of the isolated (single) capitalist, who reflects in his mind the economic facts about him just as they appear when refracted by the laws of competition. The isolated capitalist sees each organic part of the whole of our economy as an independent entity. He sees them as they act on him, the single capitalist. He therefore considers these facts to be simple "derangements" of simple "means of adaptation." For the isolated capitalist, it is true, crises are really simple derangements; the cessation of crises accords him a longer existence. As far as he is concerned, credit is only a means of "adapting" his insufficient productive forces to the needs of the market. And it seems to him that the cartel of which he becomes a member really suppresses industrial anarchy.

Revisionism is nothing else than a theoretic generalization made from the viewpoint of the isolated capitalist. Where does this viewpoint belong theoretically if not in vulgar bourgeois economics?

All the errors of this school rest precisely on the conception that mistakes the phenomena of competition, as seen from the angle of the isolated capitalist, for the phenomena of the whole of capitalist economy. Just as Bernstein considers credit to be a means of "adaptation" so vulgar economy considers money to be a judicious means of "adaptation" to the needs of exchange. Vulgar economy, too, tries to find the antidote against the ills of capitalism in the phenomena of capitalism. Like Bernstein, it believes that it is possible to regulate capitalist economy. And in the manner of Bernstein, it arrives in time at the desire to palliate the contradictions of capitalism, that is, at the belief in the possibility of patching up the capitalist sores. It ends up by subscribing to a program of reaction. It ends up in a utopia.

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